

Rural Municipality of Bonshaw

Financial Statements

For the 153-Day Period Ended August 31, 2020
(Unaudited)



INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Rural Municipality of Bonshaw

We have reviewed the accompanying financial statements of the Rural Municipality of Bonshaw that comprise the statement of financial position as at August 31, 2020, and the statement of operations, the statement of changes in net financial assets, the statement of cash flows and a summary of significant accounting policies and other explanatory information for the 153-day period then ended.

Management's Responsibility for the Financial Statements

Council is responsible for the preparation and fair presentation of these financial statements in accordance with public sector accounting standards, and for such internal control as council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community of Bonshaw as at August 31, 2020 and the results of its operations and its cash flows for the 153-day period then ended, in accordance with Public Sector Accounting Standards.

Emphasis of Matters

Without modifying our conclusion, we draw attention to Note 5 to the financial statements, which provide explanatory information regarding an amalgamation among rural Municipalities subsequent to year end.

We also draw attention to Note 6 to the financial statements, which describes subsequent events related to the global COVID-19 pandemic declared by the World Health Organization. Our opinion is not modified in respect of this matter.

Chartered Professional Accountants
December 18, 2020
Charlottetown, PE

Rural Municipality of Bonshaw

Statement of Financial Position

As at August 31, 2020, with comparative figures for March 31, 2020

(Unaudited)

	August 31, 2020	March 31, 2020
Financial assets		
Cash	\$ 44,647	\$ 42,546
Restricted cash	49,417	21,728
Accounts receivable (note 2)	1,372	1,224
	<u>95,436</u>	<u>65,498</u>
Liabilities:		
Accounts payable and accrued liabilities	4,471	2,398
Deferred revenue (note 4)	49,417	21,728
	<u>53,888</u>	<u>24,126</u>
Net financial assets	<u>41,548</u>	<u>41,372</u>
Non-financial assets:		
Prepaid expenses	2,759	4,880
Property and equipment (note 3)	18,547	16,144
	<u>21,306</u>	<u>21,024</u>
Accumulated surplus	<u>\$ 62,854</u>	<u>\$ 62,396</u>

On Behalf of the Council:

_____, Member

_____, Member

Rural Municipality of Bonshaw

Statement of Operations

For the 153-day Period Ended August 31, 2020, with comparative figures for the year ended March 31, 2020
(Unaudited)

	2020 Budget	August 31, 2020	March 31, 2020
Revenue:			
Property tax assessments	\$ 8,292	\$ 8,401	\$ 19,661
Gas tax transfer	-	2,695	16,557
Municipal support grant	1,739	1,835	4,092
Rental	292	120	4,661
Interest	-	38	498
	10,323	13,089	45,469
Expenditures:			
Administration			
Advertising and promotion	-	-	200
Amortization	-	292	414
Interest and bank charges	75	494	186
Municipal administration	1,021	1,000	3,725
Office expenses	63	84	446
Professional fees	750	1,800	1,980
West River Group Expense	208	-	-
Community services			
Community hall	583	700	2,500
Fire dues	3,958	4,143	9,168
Recreation			
Electric	500	270	923
Heat	500	242	940
Insurance	2,011	2,356	2,148
Repairs and maintenance	583	1,250	3,095
	10,252	12,631	25,725
Annual surplus	71	458	19,744
Accumulated surplus at beginning of year	62,396	62,396	42,652
Accumulated surplus at end of year	\$ 62,467	\$ 62,854	\$ 62,396

The accompanying notes are an integral part of these financial statements.

Rural Municipality of Bonshaw

Statement of Changes in Net Financial Assets

As at August 31, 2020, with comparative figures for March 31, 2020

(Unaudited)

	August 31, 2020	March 31, 2020
Annual surplus	\$ 458	\$ 19,744
Net financial assets at beginning of year	62,396	42,652
Net financial assets at end of year	\$ 62,854	\$ 62,396

The accompanying notes are an integral part of these financial statements.

Rural Municipality of Bonshaw

Statement of Cash Flows

For the 153-day Period Ended August 31, 2020, with comparative figures for the year ended March 31, 2020
(Unaudited)

	August 31, 2020	March 31, 2020
Cash flows from operating activities:		
Net earnings	\$ 458	\$ 19,744
Amortization	292	414
Change in non-cash working capital	32,162	(6,939)
	32,912	13,219
Cash flows from investing activities:		
Purchase of property and equipment	(2,695)	(16,557)
	30,217	(3,338)
Cash at beginning of year	63,847	67,185
Cash at end of year	\$ 94,064	\$ 63,847
Cash consists of the following:		
Cash	\$ 44,647	\$ 42,546
Restricted cash	49,417	21,728
	\$ 94,064	\$ 64,274

The accompanying notes are an integral part of these financial statements.

Rural Municipality of Bonshaw

Notes to the Financial Statements

For the 153-day Period Ended August 31, 2020, with comparative figures for the year ended March 31, 2020
(Unaudited)

The Rural Municipality of Bonshaw was incorporated under the Prince Edward Island Municipalities Act. Its principal activities include the provision of local government services to residents of the incorporated area. These services include community development, land development and zoning, and additional municipal services.

1. Significant accounting policies:

The Council applies the Canadian Public Sector Accounting Standards.

a) Basis for presentation:

The financial statements of the Council are prepared, in all material respects, in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Professional Accountants.

b) Cash:

Cash comprises of cash on hand and balances with financial institutions.

c) Restricted cash:

Restricted cash is comprised of funds which are externally restricted for eligible projects.

d) Property and equipment:

Property and equipment are stated at cost. Amortization is provided for using the declining balance basis at a rate of 5%.

e) Revenue recognition:

Property tax billings are received directly from the Province of Prince Edward Island. Taxes are billed based on the assessments provided by the Province at rates set by the Municipality. Taxation revenue is recorded as it is received in monthly installments from the Province. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized.

Rural Municipality of Bonshaw

Notes to the Financial Statements

For the 153-day Period Ended August 31, 2020, with comparative figures for the year ended March 31, 2020
(Unaudited)

1. Significant accounting policies: (continued)

f) Government transfers:

Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

f) Financial instruments:

The Council's financial instruments consist of cash, restricted cash, reserve funds, accounts receivable, and accounts payable. Unless otherwise noted, it is management's opinion that the Council is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

2. Accounts receivable:

	August 31, 2020	March 31, 2020
HST	\$ 1,298	\$ 1,149
Property tax	74	75
	\$ 1,372	\$ 1,224

3. Property and equipment:

	August 31, 2020		March 31, 2020	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	\$ 19,253	\$ 706	\$ 18,547	\$ 16,144

4. Deferred revenues:

	August 31, 2020	March 31, 2020
Balance, beginning of year	\$ 21,728	\$ 27,320
Gas tax funding	5,364	10,728
Interest	20	237
NHSP funding	25,000	-
	52,112	38,285
Eligible amount expensed	(2,695)	(16,557)
Balance, end of year	\$ 49,417	\$ 21,728

Of the period end balance, \$ 24,417 (2020 March - \$ 21,728) relates to Gas Tax funding and the remainder relates to deferred revenue from other sources.

Rural Municipality of Bonshaw

Notes to the Financial Statements

For the 153-day Period Ended August 31, 2020, with comparative figures for the year ended March 31, 2020
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5. Amalgamation:

The Rural Municipality of Afton, the Rural Municipality of Bonshaw, the Rural Municipality of Meadow Bank, the Rural Municipality of New Haven-Riverdale and the Rural Municipality of West River restructured and amalgamated on September 1, 2020 as the Rural Municipality of West River.

As a result, these financial statements represent the period prior to amalgamation for the 153 days between March 31, 2020 and September 1, 2020.

6. Subsequent event:

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national, and global economies.

Council is uncertain of the effects of these changes on its financial statements and believes that any plan delayed may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the public sector's operations as at the date of these financial statements.

7. Comparative figures:

Certain comparative figures have been reclassified to conform to the current year financial statement presentation.